

Austin Township

54-1070

Mecosta County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Austin Township	County Mecosta
Audit Date 3/31/04	Opinion Date 5/13/04	Date Accountant Report Submitted to State: 9/12/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Douglas Wohlberg CPA			
Street Address PO Box 39		City Byron Center	State MI
Accountant Signature <i>Douglas Wohlberg</i>		ZIP 49315	Date 9/13/04

Austin Township
Mecosta County, Michigan
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March 31, 2004

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DOUGLAS WOHLBERG

Certified Public Accountant

To the Board
Austin Township
Mecosta County, Michigan

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units and the major fund of Austin Township as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Austin Township management. Our responsibility is to express opinions on these financial statements based on our audit.

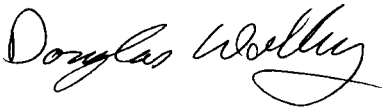
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units and the major fund of Austin Township as of March 31, 2004, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of March 31, 2004.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Austin Township basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Byron Center, Michigan
May 13, 2004

Austin Township

MANAGEMENT'S DISCUSSION AND ANALYSIS as of March 31, 2004

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 2% from a year ago, increasing from \$346,130 to \$352,324. This results from minimizing expenditures in the General Fund.

In a condensed format, the table below shows the net assets as of the March 31, 2004:

	Governmental Activities
	2004
Current assets	\$ 254,478
Noncurrent assets	97,846
Total assets	352,324
Net assets	
Invested in capital assets - net of debt	97,846
Unrestricted	254,478
Total net assets	\$ 352,324

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$8,923 for the governmental activities. This represents an increase approximately 4%. The current level of unrestricted net assets for our governmental activities stands at \$254,478, or about 141% of expenditures. This is within the targeted range set by the Township Board during its last budget process.

The following table shows the changes of the net assets as of March 31, 2004:

	2004
<u>Program revenues</u>	
Charges for services	\$ 4,590
<u>General Revenue</u>	
Property tax	79,194
State shared revenue	96,677
Unrestricted investment income	2,112
Rents and contracts	800
Miscellaneous	3,308
<u>Total Revenues</u>	<u>186,681</u>
 Program expenses	
General government	95,211
Public safety	72,964
Public works	11,462
Recreation and culture	850
<u>Total expenses</u>	<u>180,487</u>
 Change in net assets	 \$ 6,194

Governmental Activities

There was no significant change in governmental activities from the previous year.

The Township's Funds

Our analysis of the Township's major fund begins on page 12, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major fund for 2004 was the General Fund.

Capital Asset and Debt Administration

At the end of 2004, the Township had \$97,846, net of accumulated depreciation, invested in land, building and a parking lot.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2005 remains little changed from 2004 because the Township expects to make no additions to its capital assets.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's Supervisor at the Austin Township Hall, 14132 Pierce Road, Stanwood, Michigan, 49346. The Township's phone number is (231) 832-9704.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Austin Township
Mecosta County, Michigan
Statement of Net Assets
For the year ended March 31, 2004

	Governmental activities		Component units	
<u>GOVERNMENTAL ASSETS</u>				
Cash and cash equivalents	\$	254,478	\$	20,937
Capital assets - net		97,846		407,691
TOTAL ASSETS	\$	352,324	\$	428,628
<u>GOVERNMENTAL NET ASSETS</u>				
Invested in capital assets	\$	97,846	\$	407,691
Unrestricted		254,478		20,937
TOTAL NET ASSETS	\$	352,324	\$	428,628

Austin Township
Mecosta County, Michigan
Statement of Activities
For the year ended March 31, 2004

	Functions/Programs	Expenses	Charges for services
<u>PRIMARY GOVERNMENT EXPENSES</u>			
General government	\$	95,211	\$ 4,590
Public safety		72,964	-
Public works		11,462	-
Recreation and culture		850	-
Total Governmental activities		180,487	4,590
<u>COMPONENT UNIT EXPENSES</u>			
Stanwood Cemetery		3,701	4,000
Mecosta-Austin Fire Department		83,700	145,167
Total Component units	\$	87,401	\$ 149,167
<u>General Revenues</u>			
Property taxes			
State-shared revenue			
Unrestricted investment income			
Rent and contracts			
Miscellaneous			
Total general revenues - special items and transfers			
<u>Change in net assets</u>			
<u>Net assets at beginning of year</u>			
<u>Net assets at end of year</u>			

Governmental activities		Component units	
\$	(90,621)	\$	
	(72,964)		
	(11,462)		
	(850)		
	(175,897)		
			299
			61,467
			61,766
	79,194	-	
	96,677	-	
	2,112	188	
	800	-	
	3,308	3,395	
	182,091	3,583	
	6,194	65,349	
	346,130	363,279	
\$	352,324	\$	428,628

Austin Township
Mecosta County, Michigan
Governmental Funds
Balance Sheet
March 31, 2004

		General Fund
ASSETS		
Cash	\$	254,478
TOTAL ASSETS	\$	254,478
LIABILITIES AND FUND BALANCES		
FUND BALANCES		
Unreserved	\$	254,478
TOTAL FUND BALANCES		254,478
TOTAL LIABILITIES AND FUND BALANCES	\$	254,478

Austin Township

Mecosta County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended March 31, 2004

Total fund balances - total governmental funds	\$ 254,478
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Amounts reported for governmental activities in the statement of net assets are different because:
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost

108,193

Accumulated depreciation

(10,347)

Net capital assets

97,846

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at March 31, 2004 were:

Net assets of governmental activities	\$ 352,324
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Austin Township**Mecosta County, Michigan****Governmental Funds****Statement of Revenue, Expenditures, and Changes in Fund Balances****For the year ended March 31, 2004**

<u>REVENUE</u>		<u>General Fund</u>
Taxes	\$	77,743
State grants		96,677
Charges for services		6,732
Interest and rents		2,912
Other revenue		2,618
TOTAL REVENUE		186,682
<u>EXPENDITURES</u>		
General government		67,735
Public safety		35,380
Public works		11,462
Recreation and culture		850
Other		62,332
TOTAL EXPENDITURES		177,759
NET CHANGE IN FUND BALANCES		8,923
FUND BALANCES, BEGINNING OF YEAR		245,555
FUND BALANCES, END OF YEAR	\$	254,478

Austin Township

Mecosta County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended March 31, 2004

Net change in fund balances - total governmental funds	\$	8,923
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Depreciation

Accrued interest	(2,729)
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Change in net assets of government activities	\$	6,194
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NOTES TO FINANCIAL STATEMENTS

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Austin Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Austin Township:

A. Reporting Entity

Austin Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. See the discussion below for description.

Discretely Presented Component Units

The Stanwood Cemetery is a joint venture between Austin Township and Mecosta Township. Its Board consists of six appointed members, three from each Township.

The Mecosta-Austin Fire Department is a joint venture between Austin Township and Mecosta Township. Its Board consists of six appointed members, three from each Township.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Austin Township has no proprietary funds. The Township has one fiduciary fund, the Tax Agency Fund; it had no assets or liabilities at year end.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Austin Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Austin Township as of the preceding December 31st.

Although Austin Township's 2003 ad valorem tax is levied and collectible on December 1, 2003, it is Austin Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2003 taxable valuation of Austin Township totaled \$49,536,892, on which ad valorem taxes levied consisted of the following:

	Mills levied		Raising	
Operating	\$	1.2443	\$	61,639

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the government reports the following fund types:

Trust and agency fund to account for property tax collected on behalf of other units and various deposits. This fund had no assets or liabilities at year end.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Fire trucks	15 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2004

NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the General Fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2004

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Austin Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Austin Township Board has designated three banks for the deposit of Local Unit funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Austin Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental activities		Fiduciary Funds	Total Primary Government		Component Units		
Cash and cash equivalents	\$	254,478	\$	-	\$	254,478	\$	20,937
Total	\$	254,478	\$	-	\$	254,478	\$	20,937

The bank balance of the Township's deposits is \$272,694, of which \$164,885 is covered by federal depository insurance and \$107,809 is uninsured and uncollateralized. The component units' deposits had a bank balance of \$38,697 of which \$38,697 was covered by federal depository insurance and \$0 was uninsured and uncollateralized.

Austin Township
Mecosta County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2004

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance April 1, 2003	Additions	Disposals	Balance March 31, 2004
Assets not being depreciated	\$ 13,225	\$	\$	\$ 13,225
Capital assets being depreciated:				
Buildings	86,468			86,468
Land improvements	8,500			8,500
Subtotal	94,968			94,968
Accumulated depreciation:				
Buildings	6,485	2,162		8,647
Land improvements	1,133	567		1,700
Subtotal	7,618	2,729		10,347
Net capital assets being depreciated	87,350	(2,729)		84,621
Net capital assets	\$ 100,575	\$ (2,729)	\$	\$ 97,846

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,866

Capital asset activity of the Mecosta-Austin Fire Department for the current year was as follows:

Governmental Activities	Balance April 1, 2003	Additions	Disposals	Balance March 31, 2004
Assets not being depreciated	\$ 15,000	\$	\$	\$ 15,000
Capital assets being depreciated:				
Buildings	261,744			261,744
Land improvements	13,250			13,250
Equipment	224,892	117,408		342,300
Subtotal	499,886	117,408		617,294
Accumulated depreciation:				
Buildings	25,590	7,275		32,865
Land improvements	4,417	8,333		12,750
Equipment	160,759	18,229		178,988
Subtotal	190,766	33,837		224,603
Net capital assets being depreciated	309,120	83,571		392,691
Net capital assets	\$ 324,120	\$ 83,571	\$	\$ 407,691

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2004

NOTE 5 - RISK MANAGEMENT

Austin Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Austin Township has purchased commercial insurance for all claims and participates in the Michigan Municipal Risk Management Authority for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS

The Township has no post-retirement benefit plans at this time.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

Austin Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by (authority under which the pension obligation is established), Austin Township contributes 6 percent of employees' base wages and employee contributions for each employee plus interest allocated to the employee's account are fully vested after 20 months of service.

Austin Township's total payroll during the current year was \$51,698. The current year contribution was calculated based on covered payroll of \$51,698, resulting in an employer contribution of \$9,801.

Major Fund Statements

Austin Township
Mecosta County, Michigan
General fund
Balance Sheet
March 31, 2004

		2004
<u>ASSETS</u>		
Cash	\$	254,478
<u>LIABILITIES AND FUND EQUITY</u>		
<u>FUND BALANCES</u>		
Fund balance		254,478
TOTAL LIABILITIES AND FUND BALANCES	\$	254,478

Austin Township

Mecosta County, Michigan

General fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	Actual	Variance with final budget
REVENUE				
Current real property taxes	\$ 57,461	\$ 57,461	\$ 61,410	\$ 3,949
Property tax administration fee	14,669	14,669	16,333	1,664
State revenue sharing	100,000	100,000	96,677	(3,323)
Fees	1,604	1,604	2,192	588
Services rendered	4,500	4,500	4,540	40
Interest and dividends	3,000	3,000	2,112	(888)
Rent	500	500	800	300
Other	245,780	245,780	2,618	(243,162)
TOTAL REVENUE	427,514	427,514	186,682	(240,832)
EXPENDITURES				
General government				
Township board				
Supervisor	7,300	7,300	5,398	1,902
Clerk	6,850	6,850	6,775	75
Attorney	11,250	11,250	10,420	830
Board of review	5,000	5,000	1,810	3,190
Treasurer	1,800	1,800	955	845
Assessor	16,900	16,900	15,473	1,427
Elections	19,222	19,222	18,497	725
Building and grounds	3,450	3,450	629	2,821
Cemetery	8,250	8,250	5,858	2,392
Total General government	2,200	2,200	1,920	280
	84,222	84,222	67,735	16,487
Public safety				
Fire department				
Total Public safety	35,750	35,750	35,380	370
	35,750	35,750	35,380	370
Department of public works				
Highways, streets and bridges				
Total Department of public works	20,000	20,000	11,462	8,538
	20,000	20,000	11,462	8,538
Recreation and culture				
Parks and recreation				
Library	800	800	-	800
Total Recreation and culture	850	850	850	-
	1,650	1,650	850	800

Austin Township**Mecosta County, Michigan****General fund****Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual****March 31, 2004**

	Original budget	Final budget	Actual	Variance with final budget
Other governmental functions				
Retirement	\$ 10,000	\$ 10,000	\$ 9,801	\$ 199
Social security	4,500	4,500	2,968	1,532
Insurance	3,500	3,500	3,424	76
Tax tribunal refunds	7,000	7,000	5,901	1,099
Capital outlay	44,500	44,500	39,538	4,962
Other	216,392	216,392	700	215,692
Total Other governmental functions	285,892	285,892	62,332	223,560
TOTAL EXPENDITURES	427,514	427,514	177,759	249,755
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	8,923	8,923
Fund balance at beginning of year	245,555	245,555	245,555	-
Fund balance at end of year	\$ 245,555	\$ 245,555	\$ 254,478	\$ 8,923

COMPONENT UNITS FINANCIAL STATEMENTS

Austin Township

Mecosta County, Michigan

Component Unit - Mecosta-Austin Fire Department

Balance Sheet

March 31, 2004

<u>ASSETS</u>		<u>2004</u>
Cash	\$	20,015
<u>LIABILITIES AND FUND EQUITY</u>		
<u>FUND BALANCES</u>		
Fund balance		20,015
TOTAL LIABILITIES AND FUND BALANCES	\$	20,015

Austin Township

Mecosta County, Michigan

Component Unit - Mecosta-Austin Fire Department

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

March 31, 2004

	Original budget	Final budget	Actual	Variance with final budget
REVENUE				
Charges for services	\$ 145,167	\$ 145,167	\$ 145,167	\$ -
Interest on investments	2,000	2,000	188	(1,812)
Miscellaneous income	784	784	3,395	2,611
TOTAL REVENUE	147,951	147,951	148,750	799
EXPENDITURES				
Public safety				
Salaries	20,450	20,450	14,605	5,845
Payroll taxes	2,000	2,000	1,117	883
Office supplies	400	400	316	84
Postage and freight	400	400	243	157
Publications	200	200	134	66
Truck expense	4,500	4,500	4,580	(80)
Firefighters' expense	1,700	1,700	902	798
Attorney	150	150	98	52
Audit	100	100	-	100
Training	2,000	2,000	25	1,975
Capital outlay	127,945	127,945	123,155	4,790
Insurance	12,950	12,950	12,927	23
Utilities	6,000	6,000	5,565	435
Equipment repair	2,500	2,500	1,476	1,024
Hall expense	600	600	424	176
Promotion	1,350	1,350	1,434	(84)
Miscellaneous	484	484	270	214
Total Public safety	183,729	183,729	167,271	16,458
TOTAL EXPENDITURES	183,729	183,729	167,271	16,458
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,778)	(35,778)	(18,521)	17,257
Fund balance at beginning of year	38,536	38,536	38,536	-
Fund balance at end of year	\$ 2,758	\$ 2,758	\$ 20,015	\$ 17,257

Austin Township

Mecosta County, Michigan

Component Unit - Stanwood Cemetery

Balance Sheet

March 31, 2004

<u>ASSETS</u>		2004
Cash	\$	921
<u>LIABILITIES AND FUND EQUITY</u>		
<u>FUND BALANCES</u>		
Fund balance		921
TOTAL LIABILITIES AND FUND BALANCES	\$	921

Austin Township**Mecosta County, Michigan****Component Unit - Stanwood Cemetery****Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual****March 31, 2004**

	Original budget	Final budget	Actual	Variance with final budget
REVENUE				
Contributions from local units	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
Lot sales	300	300	400	100
Interest on investments	10	10	-	(10)
TOTAL REVENUE	3,910	3,910	4,000	90
EXPENDITURES				
General government				
Salaries	550	550	300	250
Payroll taxes	40	40	23	17
Contract services	2,650	2,650	2,630	20
Utilities	120	120	91	29
Miscellaneous	880	880	658	222
Total General government	4,240	4,240	3,702	538
TOTAL EXPENDITURES	4,240	4,240	3,702	538
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(330)	(330)	298	628
Fund balance at beginning of year	623	623	623	-
Fund balance at end of year	\$ 293	\$ 293	\$ 921	\$ 628

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board
Austin Township
Mecosta County, Michigan

We have audited the general purpose financial statements of Austin Township, Mecosta County, Michigan for the year ended March 31, 2004, and have issued our report thereon dated May 13, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 13, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Austin Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

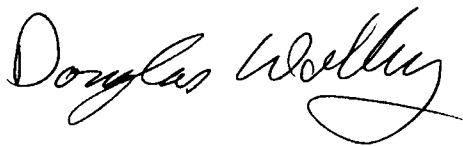
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Austin Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Austin Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2004. We noted no transactions entered into by Austin Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board and management of Austin Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
May 13, 2004

MANAGEMENT COMMENTS LETTER

To the Board
Austin Township
Mecosta County, Michigan

In planning and performing our audit of the financial statements of Austin Township for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

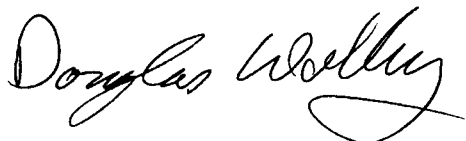
Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Austin Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2004 financial statements, and this report does not affect our report on those financial statements dated May 13, 2004. We have not considered the internal control since the date of our report.



Douglas Wohlberg, CPA
Byron Center, Michigan
May 13, 2004

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board
Austin Township
Mecosta County, Michigan

We have audited the general purpose financial statements of Austin Township, Mecosta County, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated May 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

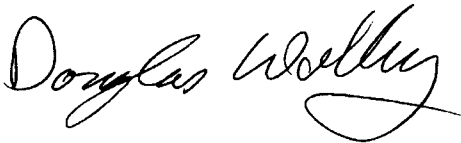
Compliance

As part of obtaining reasonable assurance about whether Austin Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Austin Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
May 13, 2004